MULTIMEDIA UNIVERSITY

STUDENT IDENTIFICATION NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2017/2018

BKC2044 – KNOWLEDGE COMMERCE

(All Sections / Groups)

27 OCT 2017
9:00 am to 11:00 am
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This Question paper consists of 4 pages with 2 sections only.
2. Answer **ALL** questions in **SECTION A** and **SECTION B**. All questions carry equal marks and the distribution of the marks for each question is given.
3. Please write all your answers in the Answer Booklet provided.

SECTION A (Answer all questions)

QUESTION 1

a) Unlike other tangible assets, the value of knowledge is so difficult to be measured. Explain why.

(9 marks)

b) What is the main problem of offering people-based services? Suggest and explain a solution to overcome the problem?

(11 marks)

(Total: 20 marks)

QUESTION 2

a) Explain **FIVE (5)** possible ways of generating knowledge via the Internet.

(10 marks)

b) Briefly explain what knowledge commerce (k-commerce) is and describe the **FOUR (4)** covered areas of k-commerce.

(10 marks)

(Total: 20 marks)

QUESTION 3

a) In knowledge community, people can share common interests freely and exchange knowledge with others. Explain **FIVE (5)** benefits of participating in such knowledge community.

(10 marks)

b) A knowledge market is different from a regular product and/or service market, in that the objective is to trade knowledge. Explain how knowledge markets can be categorised.

(10 marks)

(Total: 20 marks)

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SECTION B (Answer all questions)

Identifying customers and meeting their needs: An Argos case study

Argos was founded in 1973 and is now the UK's leading general merchandise retailer with sales of over £3.3 billion. Argos is owned by GUS public limited company and is part of the Argos Retail Group with over 580 stores in the UK and Republic of Ireland, as well as distribution centres, call centres and its head office in Milton Keynes, employing over 23,000 people in total. Approximately 98% of the UK population live within 10 miles of an Argos store.

In the modern world of retailing consumers can have their needs met in a variety of ways such as High Street shopping, out of town shopping centres, and by direct delivery from Internet orders. Competition among retailers is increasingly getting tough. Differentiation is therefore the key to developing a compelling competitive advantage and winning loyal customers. Differentiation is the process of making your business stand out from rivals - making it different and better.

Marketers at Argos therefore are continually concerned with addressing the questions:

- Who are our customers? (Argos needs to find out as much as possible about its customers in order to meet their needs.)
- Are we offering the right combination of choice, value and convenience?
- How can we create a compelling competitor advantage? (How is Argos different from the competition?)
- How can we defend what business we already have and how can we grow?
- How do we effectively communicate to our customer base?

Since it first started, Argos has established a very strong, trusted brand focused on value, choice and convenience. It is the UK's number one retailer for toys and small electrical appliances; it has a major presence in many other markets including DIY and gardening, consumer electronics and furniture and a significant market share in jewellery (being No.1 in terms of volume) and sports equipment.

Consumers are offered a multi-channel (in-store, website, and over the telephone) approach to shopping. Argos publishes two catalogues a year, the spring/summer edition in January and the autumn/winter catalogue in July.

Meeting customer needs

Argos recognises that its many customers have different needs and prefer to shop in different ways. About 80% of Argos customers have already decided what they want to buy before visiting the store.

One of the prime reasons these customers choose to shop with Argos is because they know that they will get value for money. In general, retail space is very expensive. The more goods there are on display in a shop, the more space is taken up and the higher the prices as you will only be too aware when you examine prices in High Street shops.

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Argos is able to offer the customer value for money prices, because it has a low cost business model with limited product displays. In addition, it benefits from economies of scale because as a popular national chain, it is able to buy in bulk and, by organising national distribution systems, is able to reduce logistics costs to a minimum.

Customers and segmentation

Within markets, not all groups of customers are the same - they do not have the same taste, and incomes or want the same things. A segment, therefore, is a group of consumers who share common characteristics, that are different from other groups. Different segments may require different versions of the product, they may pay different prices and they may buy the product in different places.

The most common way of segmenting a market is by demographics. Demography is the study of population. Demographic segmentation recognises that different sections of the population have different buying patterns and preferences to others. For example, there is a difference in taste and spending patterns between the old and the young, between men and women, according to locality etc.

Argos tested out demographic approaches but found that this was not a very accurate basis for segmentation. A much more helpful basis has proved to be the frequency of visitors (i.e. the number of times customers visit the website, or visit stores).

A distinction is often made in business between the internal and external customers of an organisation in order to understand the customers' needs and expectations. The external customers of a retailing business are the shoppers who want to be served in an efficient and friendly way. Internal customers are fellow employees that we work alongside in a place of work. If we treat them as customers, then we help them to serve external customers well.

The Argos way of working is built on a belief that the external customer is the most important customer. Argos people are a team of colleagues who work together to meet customers' needs.

Harnessing technology to meet customer needs

Many consumers today are cash-rich but time-poor. Fortunately, most people (particularly the young) have high levels of competence when it comes to using modern technologies such as mobile phones and computers. Argos therefore uses a variety of modern channels to communicate with customers and to provide them with avenues for enquiring about availability of stock, and for making purchases.

Many customers like to browse the Argos catalogue in the comfort of their own home. A large proportion of orders are still made in store, but an increasing proportion are being made online and by telephone.

There are a number of channels for receiving goods including collection from the store and using the home delivery service. In line with the development of new technologies and market research. Argos has also introduced new innovations such as text and take home and Quick Pay kiosks.

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Argos' unique shopping experience is popular and successful because it is focused around meeting customer needs. Argos has gained competitive advantage over rivals by differentiating itself on the basis of providing the best value for money for customers through the most convenient shopping experience. The market has been carefully segmented according to the way in which customers use the stores to make purchases. Argos' turnover continues to grow, so that, for example, turnover was £1,552m in the six months to the end of September 2004 compared with £1,377 in the same period in 2003. The larger part of this growth came from new stores, but there was also a significant increase in sales from existing stores at a time when other retailers were struggling.

(Source: http://businesscasestudies.co.uk/argos/identifying-customers-and-meeting-their-needs/introduction.html)

QUESTION 4

a) Positioning is one of the 10Ps of Internet marketing. Explain **THREE (3)** aims of Positioning and give example from the case study on how Argos positions itself based on the case study.

(8 marks)

b) Website is one of the channels used by Argos in selling its products. Explain one of the 10Ps of Internet marketing that can increase the visibility of the website. Suggest any **FIVE (5)** techniques for doing it.

(12 marks)

c) Based on the case study, explain which stage that involved in the process of knowledge commercialisation has been carried out by Argos? Give **TWO (2)** examples.

(8 marks)

d) Based on the case study, explain which **FOUR (4)** stages involved in the process of knowledge commercialisation that have not been carried by Argos?

(12 marks)

(Total: 40 marks)

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